

§ 140.501

funds on which the deductions occurred.

**Subpart D—[Reserved]**

**Subpart E—Administrative Settlement Costs—Contract Claims**

SOURCE: 44 FR 59233, Oct. 15, 1979, unless otherwise noted.

**§ 140.501 Purpose.**

This regulation establishes the criteria for eligibility for reimbursement of administrative settlement costs in defense of contract claims on projects performed by a State under Federal-aid procedures.

**§ 140.503 Definition.**

Administrative settlement costs are costs related to the defense and settlement of contract claims including, but not limited to, salaries of a contracting officer or his/her authorized representative, attorneys, and/or members of State boards of arbitration, appeals boards, or similar tribunals, which are allocable to the findings and determinations of contract claims, but not including administrative or overhead costs.

**§ 140.505 Reimbursable costs.**

(a) Federal funds may participate in administrative settlement costs which are:

- (1) Incurred after notice of claim,
- (2) Properly supported,
- (3) Directly allocable to a specific Federal-aid or Federal project,
- (4) For employment of special counsel for review and defense of contract claims, when
  - (i) Recommended by the State Attorney General or State Highway Agency (SHA) legal counsel and
  - (ii) Approved in advance by the FHWA Division Administrator, with advice of FHWA Regional Counsel, and
- (5) For travel and transportation expenses, if in accord with established policy and practices.

(b) No reimbursement shall be made if it is determined by FHWA that there was negligence or wrongdoing of any kind by SHA officials with respect to the claim.

23 CFR Ch. I (4–1–98 Edition)

**Subpart F—Reimbursement for Bond Issue Projects**

SOURCE: 48 FR 54971, Dec. 8, 1983, unless otherwise noted.

**§ 140.601 Purpose.**

To prescribe policies and procedures for the use of Federal funds by State highway agencies (SHAs) to aid in the retirement of the principal and interest of bonds, pursuant to 23 U.S.C. 122 and the payment of interest on bonds of eligible Interstate projects.

**§ 140.602 Requirements and conditions.**

(a) An SHA that uses the proceeds of bonds issued by the State, a county, city or other political subdivision of the State, for the construction of projects on the Federal-aid primary or Interstate system, or extensions of any of the Federal-aid highway systems in urban areas, or for substitute highway projects approved under 23 U.S.C. 103(e)(4), may claim payment of any portion of such sums apportioned to it for expenditures on such system to aid in the retirement of the principal of bonds at their maturities, to the extent that the proceeds of bonds have actually been expended in the construction of projects.

(b) Any interest earned and payable on bonds, the proceeds of which were expended on Interstate projects after November 6, 1978, is an eligible cost of construction. The amount of interest eligible for participation will be based on (1) the date the proceeds were expended on the project, (2) amount expended, and (3) the date of conversion to a regularly funded project. As provided for in section 115(c), Pub. L. 95-599, November 6, 1978, interest on bonds issued in any fiscal year by a State after November 6, 1978, may be paid under the authority of 23 U.S.C. 122 only if such SHA was eligible to obligate Interstate Discretionary funds under the provisions of 23 U.S.C. 118(b) during such fiscal year, and the Administrator certifies that such eligible SHA has utilized, or will utilize to the fullest extent possible during such fiscal year, its authority to obligate funds under 23 U.S.C. 118(b).